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C O N F I D E N T I A L MEXICO 001331

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DEPARTMENT FOR NEA/IR - CHRISTINA ANDRUSYSZYN

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SUBJECT: SCENESETTER FOR USUNVIE AMBASSADOR SCHULTE, MAY 6-8

Classified By: A/DCM Charles V. Barclay. Reason: 1.4 (b),(d).

¶1. (SBU) On behalf of the U.S. Mission, let me warmly welcome you to Mexico City. We understand you would like to focus your visit on conveying U.S concerns as relate to Iran's failure to meet its obligations to the UN. You will find that Mexico shares our concerns but your visit should offer a good opportunity to reinforce our arguments as they make their bid for a UNSC seat in 2009. Separately, Mexico has yet to convert its nuclear research reactor from highly-enriched uranium to low-enriched uranium; we would like to take advantage of your visit to explore with the Mexicans the utility of addressing this commitment through IAEA channels. In view of the issues you address in Vienna, you may also want to speak to work of the UN in Vienna as it relates to drug trafficking, trafficking in persons, terrorism. Under President Calderon elected in 2006, Mexico has made significant progress in all three areas.

Mexico On Iran

¶2. (U) Mexico's position on Iran is straightforward. Mexico believes every state has the sovereign right to pursue nuclear energy as an option in meeting its country's energy needs. At the same time Mexico shares our concerns about the lack of cooperation Iran has extended on its nuclear program. The Foreign Ministry has signaled its preference that the issue of Iran be dealt with in IAEA but has expressed as well its support for full Iranian compliance with UNSC resolutions. We should reinforce the importance we attach to strong Mexican adherence to this approach if/when it becomes a member of the UNSC in 2009. You should expect Mexico to ask for our support at which point you'll have an opportunity to identify our UN priorities into the coming year.

¶3. (C) The new Iranian Ambassador to Mexico, Mohammed Hassan Ghadiri Alyaneh, is energetically seeking to establish science, technology and business exchanges in Mexico. In response to Iran's charm offensive in Latin America, Mexico has indicated it would like to improve commercial and trade ties working within the context of applicable UN resolutions. Mexico has told us no deals are presently under consideration describing Iran's offer to sell natural gas to Mexico is "dead in the water." The Foreign Ministry's Assistant Director for the Middle East Gustavo Barrera told us last year that Iran's political situation undermines near-term prospects for economic cooperation.

Meeting Its Own International Obligations

¶4. (U) In July 2007, the Mexican Government created the Specialized High-Level Committee on International Disarmament, Terrorism, and Security -- otherwise known as

the National Authority -- to "unify, coordinate, design, and articulate the government of Mexico's public policies to comply with international obligations on disarmament, nonproliferation and terrorism." CISEN, Mexico's Intelligence Agency, is the titular head of the National Authority which is to serve as a coordination entity. The other permanent members include the Foreign Ministry (SRE), the Finance Ministry, the Defense Ministry (SEDENA), the Navy (SEMAR), the Attorney General's Office (PGR), the Secretariat of Public Security (SSP), and the Transportation and Public Communications Ministry. CISEN Coordinator for Counterintelligence Alejandro Ramirez Acevedo is formally responsible for heading the National Authority; Jesus Mao, with whom you will be meeting, however, is the CISEN official who runs it on a daily basis. Regular sessions are to be convened at least twice annually.

¶15. (U) The National Authority consists of six permanent working groups including nuclear weapons, chemical and biological weapons, conventional weapons, terrorism, administrative and legal harmonization and international security. Tasks undertaken by the working groups include legislative and administrative harmonization; export controls consultation; development of a Chemical, Biological, Radiological, Nuclear, and Explosives (CBRNE) national controls list; the national industry registrar; industry outreach and awareness; enforcement; inspection, verification and control; capacity building; and intelligence sharing. Regarding the National Authority's responsibilities on nonproliferation and export controls, it would take a three pronged approach: working to ensure compliance with international obligations; managing interagency coordination; and running the National Risk Assessment Center. In March, a chemical weapons law was presented to Congress which includes a national control list of chemical products that conforms to the Chemical Weapons Convention. The bill is under review by the appropriate commissions. As of April, the National Authority was working on development of the national control lists for dual-use biological, radiological, nuclear, and explosives material that could be used for weapons of mass destruction as defined by the four international proliferation accords -- the Nuclear Suppliers Group, the Missile Technology Control Regime, Wassenaar, and the Australia Group.

¶16. (U) We have set up a meeting for with CISEN's Jesus Mao who oversees the National Authority's daily activities. Mao has told us he will try to convene as many of the other members of the National Authority as possible but made no commitments. We would encourage you to applaud Mexico's efforts to meet its international obligations through the creation of this National Authority. Separately, Mexico has advised us it intends to participate in Proliferation Security Initiative (PSI) Workshops this coming May in Washington. Mexico has signaled increasing interest in PSI but still is not prepared to seek membership. We would request you encourage Mexico to become a member stressing the importance we attach to the contribution it could make to this increasing important organization.

Working on Mexico's Nuclear Issue

¶17. (SBU) President Fox committed to converting the Instituto Nacional de Investigaciones Nucleares (ININ) TRIGA III nuclear research reactor from highly-enriched uranium (HEU) to low-enriched uranium (LEU) at the Security and Prosperity Partnership Leaders Meeting in March 2005. When Post's Science Counselor met with SRE officials in early March to discuss Mexico's commitment, they apologized for the delay in responding to an April 2007 dipnote on this issue and promised to start addressing the diverse legal and political obstacles that have kept Mexico from beginning the reactor conversion. They pointed out that recent changes in national security regulations make it unclear whether the Secretariat of Energy (SENER) or the Secretariat of

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Government (SEGOB) has final authority with regard to nuclear

fuels.

¶8. (SBU) All the actors with whom we have met so far (SRE, SENER and ININ) indicate they are ready to act to begin conversion, given the right political cover. SRE said that moving conversion via multilateral channels -- e.g. the IAEA -- would be less likely to raise opposition hackles than working bilaterally, or even trilaterally through the SPP. We would like to take advantage of your visit to explore this option in your meeting with SRE and SENER officials

GOM Taking a Stand in Combating Drugs, TIP, and Terrorism

¶9. (SBU) Elected in 2006, President Calderon has worked aggressively to advance a reformist agenda and tackle a number of law enforcement challenges.

Drug trafficking: Calderon has placed a premium on strengthening law enforcement cooperation with the U.S. as pertains to drug trafficking and organized crime. Early during his term, he significantly expanded the number of criminal extraditions, instructed key members of his security team to build on his predecessor's already positive record of engagement with USG counterparts and worked closely with us to develop a joint response to the illegal counter-narcotics trade based on shared responsibility. The Merida Initiative, a proposal to provide the GOM with \$500 million in assistance to improve our joint efforts to combat drug trafficking, is presently under discussion in our congress. If approved, this program would be historic as Mexico has never contemplated assistance of this scale and kind prior. To the extent the Merida Initiative is raised, we would suggest describing it not as "assistance" but rather as a "a program of cooperation" that responds to the GOM's unprecedented efforts and is reflective of our countries' "shared commitment to fight narcotics trafficking."

Trafficking in Persons: The Department of State's Annual TIP report has assigned Mexico to the Tier Two Watch List since 2004 -- a sensitive subject with GOM officials. Last year, Mexico's Congress passed anti-TIP legislation that meets international standards and a Justice Reform bill which should give prosecutors more tools to prosecute complex cases and budgeted \$7 million to build two shelters for victims. Mexican authorities also created a new office in the Attorney General's office dedicated to TIP cases. To the extent the issue comes up it would be helpful to applaud GOM progress and encourage full implementation of the TIP law.

Terrorism: Mexico is a key ally of the U.S. in combating terrorism. In June 2007, President Calderon signed into law legislation outlawing terrorist financing and associated money laundering. The new law established international terrorism and terror financing as serious criminal offenses, as called for in UN Resolution 1373. While it lacked some important provisions, such as assets forfeiture measures, the law represented a significant step forward in suppressing those who plan, facilitate, finance or commit terrorist acts.

It is also worth noting, that the judicial reform bill passed in February includes provisions for asset forfeiture. Money laundering remains a serious problem and Mexico needs to dedicate more resources to combat this problem.

¶10. (U) We are putting together a press roundtable. The Mexican press does not report extensively on U.S. concerns as relate to Iran. Your meeting with them should provide a good opportunity to convey our concerns in the context of non-compliance with UN obligations. Separately we have arranged public outreach opportunities with the Foreign Ministry's Diplomatic Academy and Colegio de Mexico, one of Mexico's most prestigious institutions for students focused on international relations. You should find the audiences in both instances intelligent and friendly.
Visit Mexico City's Classified Web Site at
<http://www.state.sgov.gov/p/wha/mexicocity> and the North American Partnership Blog at <http://www.intelink.gov/communities/state/nap/>
GARZA